

AMENDMENTS TO LB 988

Introduced by Raikes, 25.

1           1. Strike the original sections and insert the following  
2 new sections:

3           Sec. 5. Section 79-4,108, Revised Statutes Supplement,  
4 2007, is amended to read:

5           79-4,108 (1) Unified system means two or more Class II or  
6 III school districts participating in an interlocal agreement  
7 under the Interlocal Cooperation Act with approval from the  
8 State Committee for the Reorganization of School Districts. The  
9 interlocal agreement may include Class I districts if the entire  
10 valuation is included in the unified system. The interlocal  
11 agreement shall provide for a minimum term of three school  
12 years. The agreement shall provide that all property tax and  
13 state aid resources shall be shared by the unified system and  
14 that a board composed of school board members, with at least  
15 one school board member from each district, shall determine  
16 the general fund levy, within the limitations placed on school  
17 districts and multiple-district school systems pursuant to section  
18 77-3442, to be applied in all participating districts and shall  
19 determine the distribution of property tax and state aid resources  
20 within the unified system. For purposes of section 77-3442, the  
21 multiple-district school system shall include all of the Class I,  
22 II, and III districts participating in the unified system and the  
23 Class I districts or portions thereof affiliated with any of the

1 participating Class II and III districts. The interlocal agreement  
2 shall also provide that certificated staff will be employees  
3 of the unified system. For any certificated staff employed by  
4 the unified system, tenure and seniority as of the effective  
5 date of the interlocal agreement shall be transferred to the  
6 unified system and tenure and seniority provisions shall continue  
7 in the unified system except as provided in sections 79-850 to  
8 79-858. If a district withdraws from the unified system or if  
9 the interlocal agreement expires and is not renewed, certificated  
10 staff employed by a participating district immediately prior to  
11 the unification shall be reemployed by the original district and  
12 tenure and seniority as of the effective date of the withdrawal  
13 or expiration shall be transferred to the original district. The  
14 certificated staff hired by the unified system but not employed by  
15 a participating district immediately prior to the unification shall  
16 be subject to the reduction-in-force policy of the unified system.  
17 The interlocal agreement shall also require participating districts  
18 to pay obligations of the unified system pursuant to sections  
19 79-850 to 79-858 on a pro rata basis based on the adjusted assessed  
20 valuations if a district withdraws from the unified system or if  
21 the interlocal agreement expires and is not renewed. Additional  
22 provisions in the interlocal agreement shall be determined by the  
23 participating districts and shall encourage cooperation within the  
24 unified system.

25 (2) Application for unification shall be made to the  
26 state committee. The application shall contain a copy of the  
27 interlocal agreement signed by the president of each participating

1 school board. The state committee shall approve or disapprove  
2 applications for unification within forty days after receipt  
3 of the application. If the interlocal agreement complies with  
4 subsection (1) of this section and all school boards of the  
5 participating districts have approved the interlocal agreement,  
6 the state committee shall approve the application. Unification  
7 agreements shall be effective on June 1 following approval from  
8 the state committee for status as a unified system or on the date  
9 specified in the interlocal agreement, except that the date shall  
10 be on or after June 1 and on or before September 1 for a specified  
11 year. The board established in the interlocal agreement may begin  
12 meeting any time after the application has been approved by the  
13 state committee.

14 (3) Upon granting the application for unification, the  
15 State Department of Education shall recognize the unified system  
16 as a single Class II or III district for state aid, budgeting,  
17 accreditation, enrollment of students, state programs, and  
18 reporting, except that the department shall require such reporting  
19 on an individual district basis as necessary to calculate formula  
20 need pursuant to the Tax Equity and Educational Opportunities  
21 Support Act separately for each participating district beginning  
22 with the calculation of state aid for school fiscal year 2009-10.  
23 Except as otherwise required by the department, the - The unified  
24 system shall submit a single report document for each of the  
25 reports required of school districts pursuant to Chapter 79 and  
26 shall submit a single budget document pursuant to the Nebraska  
27 Budget Act and sections 13-518 to 13-522. The class of district

1 shall be the same as the majority of participating districts,  
2 excluding Class I districts. If there are an equal number of Class  
3 II and Class III districts in the unified system, the unified  
4 system shall be recognized by the department as a Class III  
5 district.

6 (4) The school districts participating in a unified  
7 system shall retain their separate identities for all purposes  
8 except those specified in this section, and participation in a  
9 unified system shall not be considered a reorganization.

10 Sec. 6. Section 79-1001, Revised Statutes Supplement,  
11 2007, is amended to read:

12 79-1001 Sections 79-1001 to 79-1033 and sections 10 to  
13 22 and 42 of this act shall be known and may be cited as the Tax  
14 Equity and Educational Opportunities Support Act.

15 Sec. 7. Section 79-1003, Revised Statutes Supplement,  
16 2007, is amended to read:

17 79-1003 For purposes of the Tax Equity and Educational  
18 Opportunities Support Act:

19 (1) Adjusted general fund operating expenditures means  
20 (a) for school fiscal years before school fiscal year 2007-08,  
21 general fund operating expenditures as calculated pursuant to  
22 subdivision ~~(24)~~ (21) of this section minus the transportation  
23 allowance and minus the special receipts allowance, (b) for  
24 school fiscal year 2007-08, general fund operating expenditures  
25 as calculated pursuant to subdivision ~~(24)~~ (21) of this section  
26 minus the sum of the transportation, special receipts, and  
27 distance education and telecommunications allowances, ~~and~~ (c)

1 for school fiscal year 2008-09, and each school fiscal year  
2 ~~thereafter~~, the difference of the product of the general fund  
3 operating expenditures as calculated pursuant to subdivision  
4 ~~(24)~~ (21) of this section multiplied by the cost growth factor  
5 for the school district's cost grouping calculated pursuant to  
6 section 79-1007.10 minus the transportation allowance, special  
7 receipts allowance, poverty allowance, limited English proficiency  
8 allowance, distance education and telecommunications allowance,  
9 elementary site allowance, elementary class size allowance, summer  
10 school allowance, and focus school and program allowance, (d)  
11 for school fiscal years 2009-10 through 2012-13, the difference  
12 of the product of the general fund operating expenditures  
13 as calculated pursuant to subdivision (21) of this section  
14 multiplied by the cost growth factor calculated pursuant to  
15 section 79-1007.10 minus the transportation allowance, special  
16 receipts allowance, poverty allowance, limited English proficiency  
17 allowance, distance education and telecommunications allowance,  
18 elementary site allowance, elementary class size allowance, summer  
19 school allowance, instructional time allowance, and focus school  
20 and program allowance, and (e) for school fiscal year 2013-14  
21 and each school fiscal year thereafter, the difference of the  
22 product of the general fund operating expenditures as calculated  
23 pursuant to subdivision (21) of this section multiplied by the  
24 cost growth factor calculated pursuant to section 79-1007.10  
25 minus the transportation allowance, special receipts allowance,  
26 poverty allowance, limited English proficiency allowance, distance  
27 education and telecommunications allowance, elementary site

1 allowance, summer school allowance, instructional time allowance,  
2 and focus school and program allowance;

3           (2) Adjusted valuation means the assessed valuation of  
4 taxable property of each local system in the state, adjusted  
5 pursuant to the adjustment factors described in section 79-1016.  
6 Adjusted valuation means the adjusted valuation for the property  
7 tax year ending during the school fiscal year immediately preceding  
8 the school fiscal year in which the aid based upon that value is  
9 to be paid. For purposes of determining the local effort rate yield  
10 pursuant to section 79-1015.01, adjusted valuation does not include  
11 the value of any property which a court, by a final judgment from  
12 which no appeal is taken, has declared to be nontaxable or exempt  
13 from taxation;

14           (3) Allocated income tax funds means the amount of  
15 assistance paid to a local system pursuant to section 79-1005.01 or  
16 79-1005.02 as adjusted by the minimum levy adjustment pursuant to  
17 section 79-1008.02;

18           (4) Average daily attendance of a student who resides on  
19 Indian land means average daily attendance of a student who resides  
20 on Indian land from the most recent data available on November 1  
21 preceding the school fiscal year in which aid is to be paid;

22           (5) Average daily membership means the average daily  
23 membership for grades kindergarten through twelve attributable to  
24 the local system, as provided in each district's annual statistical  
25 summary, and includes the proportionate share of students enrolled  
26 in a public school instructional program on less than a full-time  
27 basis;

1           (6) Base fiscal year means the first school fiscal year  
2 following the school fiscal year in which the reorganization or  
3 unification occurred;

4           (7) Board means the school board of each school district;

5           (8) Categorical funds means funds limited to a specific  
6 purpose by federal or state law, including, but not limited to,  
7 Title I funds, Title VI funds, federal vocational education funds,  
8 federal school lunch funds, Indian education funds, Head Start  
9 funds, and funds from the Education Innovation Fund;

10           (9) Consolidate means to voluntarily reduce the number of  
11 school districts providing education to a grade group and does not  
12 include dissolution pursuant to section 79-498;

13           ~~(10) Converted contract means an expired contract that~~  
14 ~~was in effect for at least fifteen years for the education of~~  
15 ~~students in a nonresident district in exchange for tuition from~~  
16 ~~the resident district when the expiration of such contract results~~  
17 ~~in the nonresident district educating students who would have been~~  
18 ~~covered by the contract if the contract were still in effect~~  
19 ~~as option students pursuant to the enrollment option program~~  
20 ~~established in section 79-234;~~

21           ~~(11) Converted contract option students means students~~  
22 ~~who will be option students pursuant to the enrollment option~~  
23 ~~program established in section 79-234 for the school fiscal year~~  
24 ~~for which aid is being calculated and who would have been covered~~  
25 ~~by a converted contract if the contract were still in effect and~~  
26 ~~such school fiscal year is the first school fiscal year for which~~  
27 ~~such contract is not in effect;~~

1           ~~(12)~~ (10) Department means the State Department of  
2 Education;

3           ~~(13)~~ Distance education and telecommunications allowance  
4 means, for state aid calculated for school fiscal year 2007-08  
5 and each school fiscal year thereafter, eighty-five percent of  
6 the difference of the costs for ~~(a)~~ telecommunications services,  
7 ~~(b)~~ access to data transmission networks that transmit data to  
8 and from the school district, and ~~(c)~~ the transmission of data  
9 on such networks paid by the school districts in the local  
10 system as reported on the annual financial report for the most  
11 recently available complete data year minus the receipts from the  
12 federal Universal Service Fund pursuant to section 254 of the  
13 Telecommunications Act of 1996, 47 U.S.C. 254, as such section  
14 existed on January 1, 2006, for the school districts in the local  
15 system as reported on the annual financial report for the most  
16 recently available complete data year;

17           ~~(14)~~ (11) District means any Class I, II, III, IV, V, or  
18 VI school district;

19           ~~(15)~~ (12) Ensuing school fiscal year means the school  
20 fiscal year following the current school fiscal year;

21           ~~(16)~~ (13) Equalization aid means the amount of assistance  
22 calculated to be paid to a local system pursuant to sections  
23 79-1008.01 to 79-1022 and sections 10 to 22 of this act; and  
24 ~~79-1022.02;~~

25           ~~(17)~~ (14) Fall membership means the total membership in  
26 kindergarten through grade twelve attributable to the local system  
27 as reported on the fall school district membership reports for each

1 district pursuant to section 79-528;

2 ~~(18)~~ (15) Fiscal year means the state fiscal year which  
3 is the period from July 1 to the following June 30;

4 ~~(19)~~ (16) Formula students means:

5 (a) For school fiscal years prior to school fiscal year  
6 2008-09, (i) for state aid certified pursuant to section 79-1022,  
7 the sum of fall membership from the school fiscal year immediately  
8 preceding the school fiscal year in which the aid is to be paid,  
9 multiplied by the average ratio of average daily membership to fall  
10 membership for the second school fiscal year immediately preceding  
11 the school fiscal year in which aid is to be paid and the prior  
12 two school fiscal years, plus qualified early childhood education  
13 fall membership plus tuitioned students from the school fiscal year  
14 immediately preceding the school fiscal year in which the aid is to  
15 be paid and ~~(b)~~ (ii) for final calculation of state aid pursuant to  
16 section 79-1065, the sum of average daily membership plus qualified  
17 early childhood education average daily membership plus tuitioned  
18 students from the school fiscal year immediately preceding the  
19 school fiscal year in which the aid was paid; and

20 (b) For school fiscal year 2008-09 and each school fiscal  
21 year thereafter, (i) for state aid certified pursuant to section  
22 79-1022, the sum of the product of fall membership from the school  
23 fiscal year immediately preceding the school fiscal year in which  
24 the aid is to be paid multiplied by the average ratio of average  
25 daily membership to fall membership for the second school fiscal  
26 year immediately preceding the school fiscal year in which the aid  
27 is to be paid and the prior two school fiscal years plus sixty

1 percent of the qualified early childhood education fall membership  
2 plus tuitioned students from the school fiscal year immediately  
3 preceding the school fiscal year in which aid is to be paid minus  
4 the product of the number of students enrolled in kindergarten that  
5 is not full-day kindergarten from the fall membership multiplied by  
6 0.5 and (ii) for final calculation of state aid pursuant to section  
7 79-1065, the sum of average daily membership plus sixty percent of  
8 the qualified early childhood education average daily membership  
9 plus tuitioned students minus the product of the number of students  
10 enrolled in kindergarten that is not full-day kindergarten from the  
11 average daily membership multiplied by 0.5 from the school fiscal  
12 year immediately preceding the school fiscal year in which aid was  
13 paid;

14           ~~(20)~~ (17) Free lunch and free milk student means a  
15 student who qualified for free lunches or free milk from the most  
16 recent data available on November 1 of the school fiscal year  
17 immediately preceding the school fiscal year in which aid is to be  
18 paid;

19           ~~(21)~~ (18) Full-day kindergarten means kindergarten  
20 offered by a district for at least one thousand thirty-two  
21 instructional hours;

22           ~~(22)~~ (19) General fund budget of expenditures means  
23 the total budget of disbursements and transfers for general fund  
24 purposes as certified in the budget statement adopted pursuant  
25 to the Nebraska Budget Act, except that for purposes of the  
26 limitation imposed in section 79-1023, the calculation of Class I  
27 total allowable general fund budget of expenditures minus the

1 special education budget of expenditures pursuant to section  
2 79-1083.03, and the calculation pursuant to subdivision (2) of  
3 section 79-1027.01, the general fund budget of expenditures does  
4 not include any special grant funds, exclusive of local matching  
5 funds, received by a district; ~~subject to the approval of the~~  
6 ~~department;~~

7 ~~(23)~~ (20) General fund expenditures means all  
8 expenditures from the general fund;

9 ~~(24)~~ (21) General fund operating expenditures means the  
10 total general fund expenditures minus categorical funds, tuition  
11 paid, transportation fees paid to other districts, adult education,  
12 summer school, community services, redemption of the principal  
13 portion of general fund debt service, retirement incentive plans,  
14 staff development assistance, and transfers from other funds into  
15 the general fund for the second school fiscal year immediately  
16 preceding the school fiscal year in which aid is to be paid as  
17 reported on the annual financial report prior to December 1 of the  
18 school fiscal year immediately preceding the school fiscal year in  
19 which aid is to be paid;

20 ~~(25)~~ (22) High school district means a school district  
21 providing instruction in at least grades nine through twelve;

22 ~~(26)~~ (23) Income tax liability means the amount of the  
23 reported income tax liability for resident individuals pursuant to  
24 the Nebraska Revenue Act of 1967 less all nonrefundable credits  
25 earned and refunds made;

26 ~~(27)~~ (24) Income tax receipts means the amount of income  
27 tax collected pursuant to the Nebraska Revenue Act of 1967 less all

1 nonrefundable credits earned and refunds made;

2 ~~(28)~~ (25) Limited English proficiency ~~student~~ means a  
3 ~~student~~ students means (a) for school fiscal years prior to school  
4 fiscal year 2009-10, the number of students with limited English  
5 proficiency in a district from the most recent data available on  
6 November 1 of the school fiscal year preceding the school fiscal  
7 year in which aid is to be paid and (b) for school fiscal year  
8 2009-10 and each school fiscal year thereafter, the number of  
9 students with limited English proficiency in a district from the  
10 most recent data available on November 1 of the school fiscal year  
11 preceding the school fiscal year in which aid is paid plus the  
12 difference of such students with limited English proficiency minus  
13 the average number of limited English proficiency students for  
14 such district, prior to such addition, for the three immediately  
15 preceding school fiscal years if such difference is greater than  
16 zero;

17 ~~(29)~~ (26) Local system means a learning community, a  
18 unified system, a Class VI district and the associated Class I  
19 districts, or a Class II, III, IV, or V district and any affiliated  
20 Class I districts or portions of Class I districts, and for school  
21 fiscal year 2008-09 and each school fiscal year thereafter, a  
22 learning community or a Class II, III, IV, or V district that is  
23 not a member of a learning community. The membership, expenditures,  
24 and resources of Class I districts that are affiliated with  
25 multiple high school districts will be attributed to local systems  
26 based on the percent of the Class I valuation that is affiliated  
27 with each high school district;

1           ~~(30)~~ (27) Low-income child means (a) for school fiscal  
2 years prior to 2008-09, a child under nineteen years of age living  
3 in a household having an annual adjusted gross income of fifteen  
4 thousand dollars or less for the second calendar year preceding  
5 the beginning of the school fiscal year for which aid is being  
6 calculated and (b) for school fiscal year 2008-09 and each school  
7 fiscal year thereafter, a child under nineteen years of age living  
8 in a household having an annual adjusted gross income for the  
9 second calendar year preceding the beginning of the school fiscal  
10 year for which aid is being calculated equal to or less than the  
11 maximum household income that would allow a student from a family  
12 of four people to be a free lunch and free milk student during the  
13 school fiscal year immediately preceding the school fiscal year for  
14 which aid is being calculated;

15           ~~(31)~~ (28) Low-income students means the number of  
16 low-income children within the ~~local system~~ district multiplied by  
17 the ratio of the formula students in the ~~local system~~ district  
18 divided by the total children under nineteen years of age  
19 residing in the ~~local system~~ district as derived from income tax  
20 information;

21           ~~(32)~~ (29) Most recently available complete data year  
22 means the most recent single school fiscal year for which the  
23 annual financial report, fall school district membership report,  
24 annual statistical summary, Nebraska income tax liability by school  
25 district for the calendar year in which the majority of the school  
26 fiscal year falls, and adjusted valuation data are available;

27           ~~(33)~~ (30) Poverty students means (a) for school fiscal

1 years prior to school fiscal year 2009-10, the number of low-income  
2 students or the number of students who are free lunch and free  
3 milk students in a local system, district, whichever is greater,  
4 and (b) for school fiscal year 2009-10 and each school fiscal year  
5 thereafter, the number of low-income students or the number of  
6 students who are free lunch and free milk students in a district  
7 plus the difference of the number of low-income students or the  
8 number of students who are free lunch and free milk students in a  
9 district, whichever is greater, minus the average number of poverty  
10 students for such district, prior to such addition, for the three  
11 immediately preceding school fiscal years if such difference is  
12 greater than zero;

13           ~~(34)~~ (31) Qualified early childhood education average  
14 daily membership means the product of the average daily membership  
15 for school fiscal year 2006-07 and each school fiscal year  
16 thereafter of students who will be eligible to attend kindergarten  
17 the following school year and are enrolled in an early childhood  
18 education program approved by the department pursuant to section  
19 79-1103 for such school district for such school year multiplied by  
20 the ratio of the actual instructional hours of the program divided  
21 by one thousand thirty-two if: (a) The program is receiving a grant  
22 pursuant to such section for the third year; (b) the program has  
23 already received grants pursuant to such section for three years;  
24 or (c) the program has been approved pursuant to subsection (5) of  
25 section 79-1103 for such school year and the two preceding school  
26 years, including any such students in portions of any of such  
27 programs receiving an expansion grant; ~~multiplied by the ratio~~

1 of the actual instructional hours of the program divided by one  
2 thousand thirty-two;

3           ~~(35)~~ (32) Qualified early childhood education fall  
4 membership means the product of membership on the last Friday  
5 in September 2006 and each year thereafter of students who will  
6 be eligible to attend kindergarten the following school year and  
7 are enrolled in an early childhood education program approved  
8 by the department pursuant to section 79-1103 for such school  
9 district for such school year multiplied by the ratio of the  
10 planned instructional hours of the program divided by one thousand  
11 thirty-two if: (a) The program is receiving a grant pursuant to  
12 such section for the third year; (b) the program has already  
13 received grants pursuant to such section for three years; or (c)  
14 the program has been approved pursuant to subsection (5) of section  
15 79-1103 for such school year and the two preceding school years,  
16 including any such students in portions of any of such programs  
17 receiving an expansion grant;~~;~~ multiplied by the ratio of the  
18 planned instructional hours of the program divided by one thousand  
19 thirty-two;

20           ~~(36)~~ (33) Regular route transportation means the  
21 transportation of students on regularly scheduled daily routes to  
22 and from the attendance center;

23           ~~(37)~~ (34) Reorganized district means any district  
24 involved in a consolidation and currently educating students  
25 following consolidation;

26           ~~(38)~~ (35) School year or school fiscal year means the  
27 fiscal year of a school district as defined in section 79-1091;

1           (36) Sparse local system means a local system that is not  
2 a very sparse local system but which meets the following criteria:

3           (a) (i) Less than two students per square mile in the  
4 county in which each high school is located, based on the school  
5 district census, (ii) less than one formula student per square  
6 mile in the local system, and (iii) more than ten miles between  
7 each high school attendance center and the next closest high school  
8 attendance center on paved roads;

9           (b) (i) Less than one and one-half formula students per  
10 square mile in the local system and (ii) more than fifteen miles  
11 between each high school attendance center and the next closest  
12 high school attendance center on paved roads;

13           (c) (i) Less than one and one-half formula students per  
14 square mile in the local system and (ii) more than two hundred  
15 seventy-five square miles in the local system; or

16           (d) (i) Less than two formula students per square mile in  
17 the local system and (ii) the local system includes an area equal  
18 to ninety-five percent or more of the square miles in the largest  
19 county in which a high school attendance center is located in the  
20 local system;

21           ~~(39)~~ (37) Special education means specially designed  
22 kindergarten through grade twelve instruction pursuant to section  
23 79-1125, and includes special education transportation;

24           ~~(40)~~ (38) Special grant funds means the budgeted receipts  
25 for grants, including, but not limited to, Title I funds, Title  
26 VI funds, funds from the Education Innovation Fund, reimbursements  
27 for wards of the court, short-term borrowings including, but

1 not limited to, registered warrants and tax anticipation notes,  
2 interfund loans, insurance settlements, and reimbursements to  
3 county government for previous overpayment. The state board shall  
4 approve a listing of grants that qualify as special grant funds;

5 ~~(41) Special receipts allowance means the amount of~~  
6 ~~special education, state ward, and accelerated or differentiated~~  
7 ~~curriculum program receipts included in local system formula~~  
8 ~~resources under subdivisions (7), (8), (16), and (17) of section~~  
9 ~~79-1018.01 attributable to the school district;~~

10 ~~(42)~~ (39) State aid means the amount of assistance  
11 paid to a district pursuant to the Tax Equity and Educational  
12 Opportunities Support Act;

13 ~~(43)~~ (40) State board means the State Board of Education;

14 ~~(44)~~ (41) State support means all funds provided to  
15 districts by the State of Nebraska for the general fund support of  
16 elementary and secondary education;

17 (42) Statewide average basic funding per formula student  
18 means the statewide total basic funding for all districts divided  
19 by the statewide total formula students for all districts;

20 (43) Statewide average general fund operating  
21 expenditures per formula student means the statewide total  
22 general fund operating expenditures for all districts divided by  
23 the statewide total formula students for all districts;

24 (44) Teacher has the definition found in section 79-101;

25 (45) Temporary aid adjustment factor means (a) for school  
26 fiscal years before school fiscal year 2007-08, one and one-fourth  
27 percent of the sum of the local system's transportation allowance,

1 the local system's special receipts allowance, and the product  
2 of the local system's adjusted formula students multiplied by  
3 the average formula cost per student in the local system's  
4 cost grouping and (b) for school fiscal year 2007-08, one and  
5 one-fourth percent of the sum of the local system's transportation  
6 allowance, special receipts allowance, and distance education and  
7 telecommunications allowance and the product of the local system's  
8 adjusted formula students multiplied by the average formula cost  
9 per student in the local system's cost grouping;

10 ~~(46) Transportation allowance means the lesser of (a)~~  
11 ~~each local system's general fund expenditures for regular route~~  
12 ~~transportation and in lieu of transportation expenditures pursuant~~  
13 ~~to section 79-611 in the second school fiscal year immediately~~  
14 ~~preceding the school fiscal year in which aid is to be paid,~~  
15 ~~but not including special education transportation expenditures or~~  
16 ~~other expenditures previously excluded from general fund operating~~  
17 ~~expenditures, or (b) the number of miles traveled in the second~~  
18 ~~school fiscal year immediately preceding the school fiscal year in~~  
19 ~~which aid is to be paid by vehicles owned, leased, or contracted~~  
20 ~~by the district or the districts in the local system for the~~  
21 ~~purpose of regular route transportation multiplied by four hundred~~  
22 ~~percent of the mileage rate established by the Department of~~  
23 ~~Administrative Services pursuant to section 81-1176 as of January 1~~  
24 ~~of the most recently available complete data year added to in lieu~~  
25 ~~of transportation expenditures pursuant to section 79-611 from the~~  
26 ~~same data year;~~

27 ~~(47) Tuition receipts from converted contracts means~~

1 tuition receipts received by a district from another district  
2 in the most recently available complete data year pursuant to a  
3 converted contract prior to the expiration of the contract; and

4 ~~(48)~~ (46) Tuitioned students means students in  
5 kindergarten through grade twelve of the district whose tuition is  
6 paid by the district to some other district or education agency;  
7 and -

8 (47) Very sparse local system means a local system that  
9 has:

10 (a) (i) Less than one-half student per square mile in  
11 each county in which each high school attendance center is located  
12 based on the school district census, (ii) less than one formula  
13 student per square mile in the local system, and (iii) more than  
14 fifteen miles between the high school attendance center and the  
15 next closest high school attendance center on paved roads; or

16 (b) (i) More than four hundred fifty square miles in the  
17 local system, (ii) less than one-half student per square mile in  
18 the local system, and (iii) more than fifteen miles between each  
19 high school attendance center and the next closest high school  
20 attendance center on paved roads.

21 Sec. 8. Section 79-1003.01, Revised Statutes Supplement,  
22 2007, is amended to read:

23 79-1003.01 ~~For purposes of this section and section~~  
24 ~~79-1007.03, summer~~ For school fiscal year 2008-09 and each school  
25 fiscal year thereafter, the department shall calculate a summer  
26 school allowance for each district equal to two and one-half  
27 percent of the summer school student units for such district

1 multiplied by eighty-five percent of the statewide average general  
2 fund operating expenditures per formula student. Summer school  
3 student unit means one units shall be calculated for each student  
4 enrolled in summer school in a school district who attends such  
5 summer school for at least twelve days, whether or not the student  
6 is in the membership of the school district. The initial number of  
7 units for each such student shall equal the sum of the ratios, each  
8 rounded down to the nearest whole number, of the number of days for  
9 which the student attended summer school classes in such district  
10 for at least three hours and less than six hours per day divided  
11 by twelve days and of two times the number of days for which the  
12 student attended summer school classes in such district for six or  
13 more hours per day divided by twelve days. ~~for (1) at least three~~  
14 ~~hours but fewer than six hours per day and (2) at least twelve~~  
15 ~~days but fewer than twenty-four days. Each school district shall~~  
16 ~~receive a summer school student unit for each qualified time period~~  
17 ~~for which a student is enrolled, up to six units per student per~~  
18 ~~summer.~~

19           Each school district shall receive an additional summer  
20 school student unit for each summer school student unit attributed  
21 to remedial math or reading programs. Each school district shall  
22 also receive an additional summer school student unit for each  
23 summer school student unit attributed to a free lunch and free  
24 milk student. This section does not prevent school districts from  
25 requiring and collecting fees for summer school, except that summer  
26 school student units shall not be calculated for ~~summer~~ school  
27 districts programs for which collect fees are collected for summer

1 school from students who qualify for free or reduced-price lunches  
2 under United States Department of Agriculture child nutrition  
3 programs.

4 Sec. 9. Section 79-1007.02, Revised Statutes Supplement,  
5 2007, is amended to read:

6 79-1007.02 For state aid calculated for school fiscal  
7 ~~year 1998-99 and each school fiscal year thereafter~~ years prior to  
8 school fiscal year 2008-09:

9 (1) Using data from the annual financial reports for the  
10 second school fiscal year immediately preceding the school fiscal  
11 year in which aid is to be paid, the annual statistical summary  
12 reports for the school fiscal year immediately preceding the school  
13 fiscal year in which aid is to be paid, the fall membership reports  
14 and supplements thereto for the school fiscal year immediately  
15 preceding the school fiscal year in which aid is to be paid,  
16 and the school district census as reported under sections 79-524  
17 and 79-578 for the second school fiscal year preceding the school  
18 fiscal year in which aid is to be paid, the department shall  
19 divide the local systems into three cost groupings prior to the  
20 certification of state aid based upon the following criteria:

21 (a) The very sparse cost grouping will consist of local  
22 systems that have (i) (A) less than one-half student per square  
23 mile in each county in which each high school attendance center  
24 is located, based on the school district census, (B) less than  
25 one formula student per square mile in the local system, and (C)  
26 more than fifteen miles between the high school attendance center  
27 and the next closest high school attendance center on paved roads

1 or (ii) (A) more than four hundred fifty square miles in the local  
2 system, (B) less than one-half student per square mile in the local  
3 system, and (C) more than fifteen miles between each high school  
4 attendance center and the next closest high school attendance  
5 center on paved roads;

6 (b) The sparse cost grouping will consist of local  
7 systems that do not qualify for the very sparse cost grouping but  
8 which meet the following criteria:

9 (i) (A) Less than two students per square mile in the  
10 county in which each high school is located, based on the school  
11 district census, (B) less than one formula student per square mile  
12 in the local system, and (C) more than ten miles between each  
13 high school attendance center and the next closest high school  
14 attendance center on paved roads;

15 (ii) (A) Less than one and one-half formula students per  
16 square mile in the local system and (B) more than fifteen miles  
17 between each high school attendance center and the next closest  
18 high school attendance center on paved roads;

19 (iii) (A) Less than one and one-half formula students per  
20 square mile in the local system and (B) more than two hundred  
21 seventy-five square miles in the local system; or

22 (iv) (A) Less than two formula students per square mile in  
23 the local system and (B) the local system includes an area equal  
24 to ninety-five percent or more of the square miles in the largest  
25 county in which a high school attendance center is located in the  
26 local system; and

27 (c) The standard cost grouping will consist of local

1 systems that do not qualify for the very sparse or the sparse cost  
2 groupings.

3 For purposes of subdivision (1) of this section, if a  
4 local system did not operate and offer instruction in grades nine  
5 through twelve within the boundaries of the local system during the  
6 school fiscal year immediately preceding the school fiscal year in  
7 which aid is to be paid, the local system shall not be considered  
8 to have a high school attendance center;

9 (2) (a) The department shall calculate the average formula  
10 cost per student in each cost grouping by dividing the total  
11 estimated general fund operating expenditures for the cost grouping  
12 by the difference between the total adjusted formula students for  
13 all local systems in the cost grouping minus (i) the adjusted  
14 formula students attributed to early childhood education programs  
15 approved by the department pursuant to section 79-1103 for the  
16 first two school fiscal years for which students attributed to  
17 early childhood education programs approved by the department  
18 pursuant to section 79-1103 are being included in the calculation  
19 of state aid for the local system and (ii) for the first two  
20 school fiscal years immediately following the school fiscal year in  
21 which a district in the local system received an expansion grant  
22 pursuant to section 79-1103, the difference between the adjusted  
23 formula students attributed to early childhood education programs  
24 approved by the department pursuant to section 79-1103 for the  
25 school fiscal year immediately following the school fiscal year in  
26 which a district in the local system received an expansion grant  
27 minus the adjusted formula students attributed to early childhood

1 education programs approved by the department pursuant to section  
2 79-1103 for the school fiscal year in which a district in the  
3 local system received an expansion grant. For the calculation of  
4 state aid for school fiscal year 1999-00 and for each school fiscal  
5 year thereafter, the average formula cost per student in each cost  
6 grouping shall not be recalculated for the final calculation of  
7 state aid pursuant to section 79-1065. The calculation of total  
8 adjusted formula students for purposes of this subdivision shall  
9 take into account the requirements of subdivision (2) of section  
10 79-1007.01. For school fiscal years prior to school fiscal year  
11 2008-09, the total estimated general fund operating expenditures  
12 for the cost grouping is equal to the total adjusted general fund  
13 operating expenditures for all local systems in the cost grouping  
14 multiplied by a cost growth factor. For school fiscal year 2008-09,  
15 ~~and each school fiscal year thereafter,~~ the total estimated general  
16 fund operating expenditures for the cost grouping is equal to the  
17 total adjusted general fund operating expenditures for all local  
18 systems in the cost grouping.

19 (b) For school fiscal years prior to school fiscal year  
20 2008-09, the cost growth factor for each cost grouping is equal to  
21 the sum of: (i) One; plus (ii) the product of two times the ratio  
22 of the difference of (A) the formula students attributable to the  
23 cost grouping without weighting or adjustment pursuant to section  
24 79-1007.01 minus the qualified early childhood education fall  
25 membership attributable to the cost grouping without such weighting  
26 or adjustment for state aid certified pursuant to section 79-1022  
27 minus (B) the difference of the sum of the average daily membership

1 plus tuitioned students attributable to the cost grouping for the  
2 most recently available complete data year minus the qualified  
3 early childhood education average daily membership attributable to  
4 the cost grouping without such weighting or adjustment for the most  
5 recently available complete data year divided by the difference of  
6 the sum of the average daily membership plus tuitioned students  
7 attributable to the cost grouping for the most recently available  
8 complete data year minus the qualified early childhood education  
9 average daily membership attributable to the cost grouping without  
10 such weighting or adjustment for the most recently available  
11 complete data year, except that the ratio shall not be less than  
12 zero; plus (iii) the basic allowable growth rate pursuant to  
13 section 79-1025 for the school fiscal year in which the aid is to  
14 be distributed; plus (iv) the basic allowable growth rate pursuant  
15 to section 79-1025 for the school fiscal year immediately preceding  
16 the school fiscal year in which the aid is to be distributed;  
17 plus (v) one-half of any additional growth rate allowed by special  
18 action of school boards for the school fiscal year in which the  
19 aid is to be distributed as determined for the school fiscal  
20 year immediately preceding the school fiscal year when aid is to  
21 be distributed; plus (vi) one-half of any additional growth rate  
22 allowed by special action of the school boards for the school  
23 fiscal year immediately preceding the school fiscal year when the  
24 aid is to be distributed;

25 (3) For school fiscal years 2002-03 through 2006-07, each  
26 local system's formula need shall be calculated by subtracting  
27 the temporary aid adjustment factor from the sum of the local

1 system's transportation allowance, the local system's special  
2 receipts allowance, and the product of the local system's adjusted  
3 formula students multiplied by the average formula cost per student  
4 in the local system's cost grouping. The calculation of total  
5 adjusted formula students for purposes of this subdivision shall  
6 take into account the requirements of subdivision (2) of section  
7 79-1007.01; and

8 (4) For school fiscal year 2007-08, each local system's  
9 formula need shall be calculated by subtracting the temporary aid  
10 adjustment factor from the sum of the local system's transportation  
11 allowance, special receipts allowance, and distance education and  
12 telecommunications allowance and the product of the local system's  
13 adjusted formula students multiplied by the average formula cost  
14 per student in the local system's cost grouping. The calculation  
15 of total adjusted formula students for purposes of this subdivision  
16 shall take into account the requirements of subdivision (2) of  
17 section 79-1007.01 ~~and~~

18 (5) For school fiscal year 2008-09 and each school  
19 fiscal year thereafter, each school district's formula need  
20 shall equal the greater of (a) the difference of the sum of  
21 the school district's transportation allowance, elementary class  
22 size allowance, focus school and program allowance, limited  
23 English proficiency allowance, poverty allowance, special receipts  
24 allowance, and distance education and telecommunications allowance  
25 plus the product of the school district's adjusted formula students  
26 multiplied by the average formula cost per student in the school  
27 district's local system cost grouping minus the sum of the limited

1 ~~English proficiency allowance correction and poverty allowance~~  
2 ~~correction or (b) if the school district's general fund levy was~~  
3 ~~at or above ninety-five percent of the school district's maximum~~  
4 ~~levy pursuant to section 77-3442, the school district's prior year~~  
5 ~~formula need multiplied by one hundred percent. The calculation of~~  
6 ~~total adjusted formula students for purposes of this subdivision~~  
7 ~~shall take into account the requirements of subdivision (2) of~~  
8 ~~section 79-1007.03.~~

9           Sec. 10. (1) Except as otherwise provided in this  
10 section, for school fiscal year 2008-09, each school district's  
11 formula need shall equal the difference of the sum of the school  
12 district's basic funding, poverty allowance, limited English  
13 proficiency allowance, elementary class size allowance, focus  
14 school and program allowance, summer school allowance, special  
15 receipts allowance, transportation allowance, elementary site  
16 allowance, distance education and telecommunications allowance,  
17 averaging adjustment, and teacher education adjustment, minus  
18 the sum of the limited English proficiency allowance correction,  
19 poverty allowance correction, and local choice adjustment.

20           (2) Except as otherwise provided in this section, for  
21 school fiscal years 2009-10 and 2010-11, each school district's  
22 formula need shall equal the difference of the sum of the  
23 school district's basic funding, poverty allowance, limited  
24 English proficiency allowance, elementary class size allowance,  
25 focus school and program allowance, summer school allowance,  
26 special receipts allowance, transportation allowance, elementary  
27 site allowance, instructional time allowance, distance education

1 and telecommunications allowance, averaging adjustment, teacher  
2 education adjustment, new learning community transportation  
3 adjustment, student growth adjustment, and new school adjustment,  
4 minus the sum of the limited English proficiency allowance  
5 correction, poverty allowance correction, and local choice  
6 adjustment.

7 (3) Except as otherwise provided in this section, for  
8 school fiscal years 2011-12 and 2012-13, each school district's  
9 formula need shall equal the difference of the sum of the  
10 school district's basic funding, poverty allowance, limited  
11 English proficiency allowance, elementary class size allowance,  
12 focus school and program allowance, summer school allowance,  
13 special receipts allowance, transportation allowance, elementary  
14 site allowance, instructional time allowance, distance education  
15 and telecommunications allowance, averaging adjustment, teacher  
16 education adjustment, new learning community transportation  
17 adjustment, student growth adjustment, any positive student growth  
18 adjustment correction, and new school adjustment, minus the sum  
19 of the limited English proficiency allowance correction, poverty  
20 allowance correction, any negative student growth adjustment  
21 correction, and local choice adjustment.

22 (4) Except as otherwise provided in this section, for  
23 school fiscal year 2013-14 and each school fiscal year thereafter,  
24 each school district's formula need shall equal the difference of  
25 the sum of the school district's basic funding, poverty allowance,  
26 limited English proficiency allowance, focus school and program  
27 allowance, summer school allowance, special receipts allowance,

1 transportation allowance, elementary site allowance, instructional  
2 time allowance, distance education and telecommunications  
3 allowance, averaging adjustment, teacher education adjustment,  
4 new learning community transportation adjustment, student growth  
5 adjustment, any positive student growth adjustment correction,  
6 and new school adjustment, minus the sum of the limited English  
7 proficiency allowance correction, poverty allowance correction, any  
8 negative student growth adjustment correction, and local choice  
9 adjustment.

10 (5) If the formula need calculated for a school district  
11 pursuant to subsections (1) through (4) of this section is less  
12 than one hundred percent of the formula need for such district  
13 for the school fiscal year immediately preceding the school fiscal  
14 year for which aid is being calculated, the formula need for such  
15 district shall equal one hundred percent of the formula need for  
16 such district for the school fiscal year immediately preceding  
17 the school fiscal year for which aid is being calculated. If  
18 the formula need calculated for a school district pursuant to  
19 subsections (1) through (4) of this section is more than one  
20 hundred twelve percent of the formula need for such district for  
21 the school fiscal year immediately preceding the school fiscal  
22 year for which aid is being calculated, the formula need for such  
23 district shall equal one hundred twelve percent of the formula  
24 need for such district for the school fiscal year immediately  
25 preceding the school fiscal year for which aid is being calculated,  
26 except that the formula need shall not be reduced pursuant to  
27 this subsection for any district (a) receiving a student growth

1 adjustment for the school fiscal year for which aid is being  
2 calculated or (b) for school fiscal year 2008-09, for which the  
3 formula students for the certification of aid pursuant to section  
4 79-1022 for school fiscal year 2008-09 minus the formula students  
5 for the certification of aid pursuant to section 79-1022 for school  
6 fiscal year 2007-08 equals at least the greater of twenty-five  
7 students or one percent of the formula students for the final  
8 calculation of aid pursuant to section 79-1065 for school fiscal  
9 year 2007-08. For purposes of this subsection, the formula need for  
10 the school fiscal year immediately preceding the school fiscal year  
11 for which aid is being calculated shall be the formula need used in  
12 the recalculation of aid pursuant to section 79-1065.

13           Sec. 11. The department shall calculate a transportation  
14 allowance for each district equal to the lesser of:

15           (1) Each local system's general fund expenditures  
16 for regular route transportation and in lieu of transportation  
17 expenditures pursuant to section 79-611 in the second school fiscal  
18 year immediately preceding the school fiscal year in which aid  
19 is to be paid, but not including special education transportation  
20 expenditures or other expenditures previously excluded from general  
21 fund operating expenditures; or

22           (2) The number of miles traveled in the second school  
23 fiscal year immediately preceding the school fiscal year in which  
24 aid is to be paid by vehicles owned, leased, or contracted by the  
25 district or the districts in the local system for the purpose of  
26 regular route transportation multiplied by four hundred percent of  
27 the mileage rate established by the Department of Administrative

1 Services pursuant to section 81-1176 as of January 1 of the  
2 most recently available complete data year added to in lieu of  
3 transportation expenditures pursuant to section 79-611 from the  
4 same data year.

5       Sec. 12. The department shall calculate a special  
6 receipts allowance for each district equal to the amount of special  
7 education, state ward, and accelerated or differentiated curriculum  
8 program receipts included in local system formula resources under  
9 subdivisions (7), (8), (16), and (17) of section 79-1018.01  
10 attributable to the school district.

11       Sec. 13. The department shall calculate a distance  
12 education and telecommunications allowance for each school district  
13 equal to eighty-five percent of the difference of the costs for  
14 (a) telecommunications services, (b) access to data transmission  
15 networks that transmit data to and from the school district, and  
16 (c) the transmission of data on such networks paid by the school  
17 districts in the local system as reported on the annual financial  
18 report for the most recently available complete data year minus  
19 the receipts from the federal Universal Service Fund pursuant  
20 to section 254 of the Telecommunications Act of 1996, 47 U.S.C.  
21 254, as such section existed on January 1, 2008, for the school  
22 districts in the local system as reported on the annual financial  
23 report for the most recently available complete data year.

24       Sec. 14. (1) For school fiscal year 2008-09, the  
25 department shall calculate an elementary site allowance for any  
26 district in which (a) the district has more than one elementary  
27 attendance site, (b) at least one of the elementary attendance

1 sites does not offer any other grades, (c) the square miles in the  
2 district divided by the number of elementary attendance sites in  
3 the district equals one hundred square miles or more per elementary  
4 attendance site, and (d) the fall membership in elementary grades  
5 in the district divided by the number of elementary grades then  
6 divided again by the number of elementary attendance sites equals  
7 fifteen or fewer students per grade per elementary attendance site.  
8 Qualifying elementary attendance sites for such districts shall  
9 only offer elementary grades and shall have an average of fifteen  
10 or fewer students per grade in the fall membership.

11 (2) For school fiscal year 2009-10 and each school fiscal  
12 year thereafter, the department shall calculate an elementary site  
13 allowance for any district which has at least one qualifying  
14 elementary attendance site and which submits the information  
15 required for the calculation on a form prescribed by the department  
16 on or before October 15 of the school fiscal year preceding the  
17 school fiscal year for which aid is being calculated. A qualifying  
18 elementary attendance site shall be an elementary attendance site,  
19 in a district with multiple elementary attendance sites, which does  
20 not have another elementary attendance site within seven miles in  
21 the same school district or which is the only public elementary  
22 attendance site located in an incorporated city or village.

23 (3) The elementary site allowance for each qualifying  
24 district shall equal the sum of the elementary site allowances for  
25 each qualifying elementary attendance site in the district. The  
26 elementary site allowance for each qualifying elementary attendance  
27 site shall equal five hundred percent of the statewide average

1 general fund operating expenditures per formula student multiplied  
2 by the result of rounding the ratio of the fall membership  
3 attributed to the elementary attendance site divided by eight up to  
4 the next whole number if the result was not a whole number, except  
5 that if the resulting whole number is greater than the number of  
6 elementary grades offered in the elementary attendance site, the  
7 whole number shall be reduced to equal the number of grades offered  
8 in the elementary attendance site.

9 (4) For purposes of this section:

10 (a) Each district shall determine which grades are  
11 considered elementary grades, except that (i) all grades designated  
12 as elementary grades shall be offered in each elementary attendance  
13 site in the district and (ii) elementary grades shall not include  
14 grades nine, ten, eleven, or twelve;

15 (b) An elementary attendance site is an attendance site  
16 in which elementary grades are offered;

17 (c) The primary elementary site shall be the elementary  
18 attendance site to which the most formula students are attributed  
19 in the district and shall not be a qualifying elementary attendance  
20 site; and

21 (d) Fall membership means the fall membership for the  
22 school fiscal year immediately preceding the school fiscal year for  
23 which aid is being calculated.

24 Sec. 15. For school fiscal year 2008-09 and each school  
25 fiscal year thereafter, the department shall calculate basic  
26 funding for each district as follows:

27 (1) A comparison group shall be established for each

1 district consisting of the districts for which basic funding is  
2 being calculated, the five larger districts that are closest in  
3 size to the district for which basic funding is being calculated as  
4 measured by formula students, and the five smaller districts that  
5 are closest in size to the district for which basic funding is  
6 being calculated as measured by formula students. If there are not  
7 five districts that are larger than the district for which basic  
8 funding is being calculated or if there are not five districts  
9 that are smaller than the district for which basic funding is  
10 being calculated, the comparison group shall consist of only as  
11 many districts as fit the criteria. If more than one district  
12 has exactly the same number of formula students as the largest or  
13 smallest district in the comparison group, all of the districts  
14 with exactly the same number of formula students as the largest or  
15 smallest districts in the comparison group shall be included in the  
16 comparison group. If one or more districts have exactly the same  
17 number of formula students as the district for which basic funding  
18 is being calculated, all such districts shall be included in the  
19 comparison group in addition to the five larger districts and the  
20 five smaller districts;

21 (2) For districts with nine hundred or more formula  
22 students, basic funding shall equal the adjusted formula students  
23 multiplied by the average of the adjusted general fund operating  
24 expenditures per formula student for each district in the  
25 comparison group, excluding both the district with the highest  
26 adjusted general fund operating expenditures per adjusted formula  
27 student and the district with the lowest adjusted general fund

1 operating expenditures per formula student of the districts in the  
2 comparison group; and

3 (3) For districts with fewer than nine hundred formula  
4 students, basic funding shall equal the product of the average  
5 of the adjusted general fund operating expenditures for each  
6 district in the comparison group, excluding both the district  
7 with the highest adjusted general fund operating expenditures  
8 and the district with the lowest adjusted general fund operating  
9 expenditures of the districts in the comparison group.

10 Sec. 16. For school fiscal year 2008-09 and each school  
11 fiscal year thereafter, the department shall calculate a local  
12 choice adjustment for each district that:

13 (1) Has fewer than three hundred ninety formula students;

14 (2) Is not in a sparse local system or a very sparse  
15 local system; and

16 (3) Did not receive federal funds in excess of  
17 twenty-five percent of its general fund budget of expenditures in  
18 the most recently available complete data year or in either of  
19 the two school fiscal years preceding the most recently available  
20 complete data year.

21 The local choice adjustment for each such district shall  
22 equal fifty percent of the difference between the basic funding  
23 per formula student for the district for which the local choice  
24 adjustment is being calculated and the basic funding per formula  
25 student for the district that has the closest to three hundred  
26 ninety formula students multiplied by the formula students for the  
27 district for which the local choice adjustment is being calculated,

1 except that the local choice adjustment shall equal zero if the  
2 basic funding per formula student for the district for which the  
3 local choice adjustment is being calculated is less than the basic  
4 funding per formula student for the district that has the closest  
5 to three hundred ninety formula students. If more than one district  
6 has the closest to three hundred ninety formula students, the  
7 basic funding representing the district that has the closest to  
8 three hundred ninety formula students shall equal the average of  
9 the basic funding per formula student for each such district. The  
10 closest to three hundred ninety formula students shall be measured  
11 using the absolute value of the difference of three hundred ninety  
12 students minus the district formula students with the difference  
13 rounded to the nearest whole number.

14           Sec. 17. For school fiscal year 2008-09 and each school  
15 fiscal year thereafter, the department shall calculate an averaging  
16 adjustment for districts if the basic funding per formula student  
17 is less than the statewide average basic funding per formula  
18 student and the general fund levy for the school fiscal year  
19 immediately preceding the school fiscal year for which aid is  
20 being calculated was at least one dollar per one hundred dollars  
21 of taxable valuation. For school districts that are members of  
22 a learning community, the general fund levy for purposes of this  
23 section includes both the common general fund levy and the school  
24 district general fund levy authorized pursuant to subsections  
25 (2)(b) and (2)(c) of section 77-3442. The averaging adjustment  
26 shall equal the district's formula students multiplied by the  
27 percentage specified in this section for such district of the

1 difference between the statewide average basic funding per formula  
2 student minus such district's basic funding per formula student.

3 The percentage to be used in the calculation of an  
4 averaging adjustment shall be based on the general fund levy for  
5 the school fiscal year immediately preceding the school fiscal year  
6 for which aid is being calculated as follows:

7 (1) If such levy was at least one dollar per one hundred  
8 dollars of taxable valuation, but less than one dollar and one cent  
9 per one hundred dollars of taxable valuation, the percentage shall  
10 be fifty percent;

11 (2) If such levy was at least one dollar and one cent per  
12 one hundred dollars of taxable valuation, but less than one dollar  
13 and two cents per one hundred dollars of taxable valuation, the  
14 percentage shall be sixty percent;

15 (3) If such levy was at least one dollar and two cents  
16 per one hundred dollars of taxable valuation, but less than  
17 one dollar and three cents per one hundred dollars of taxable  
18 valuation, the percentage shall be seventy percent;

19 (4) If such levy was at least one dollar and three cents  
20 per one hundred dollars of taxable valuation, but less than one  
21 dollar and four cents per one hundred dollars of taxable valuation,  
22 the percentage shall be eighty percent; and

23 (5) If such levy was at least one dollar and four cents  
24 per one hundred dollars of taxable valuation, the percentage shall  
25 be ninety percent.

26 Sec. 18. For school fiscal year 2008-09 and each school  
27 fiscal year thereafter, the department shall calculate a teacher

1 education adjustment for each district as follows:

2 (1) Teacher education points shall be calculated for each  
3 district by the department. Each district shall receive one point  
4 for each full-time equivalent teacher who has earned and been  
5 awarded a master's degree or the equivalent of a master's degree  
6 as determined by the department and one additional point for each  
7 full-time equivalent teacher who has earned and been awarded a  
8 doctoral degree;

9 (2) A teacher education index shall be calculated for  
10 each district by dividing the ratio of teacher education points for  
11 the district divided by the number of full-time equivalent teachers  
12 in the district by the ratio of teacher education points for all  
13 districts divided by the number of full-time equivalent teachers in  
14 all districts; and

15 (3) The teacher education adjustment for each district  
16 shall equal thirteen and seventy-five one-hundredths percent of  
17 the district's basic funding multiplied by the difference of the  
18 product of the district's teacher education index minus 1, except  
19 that if the result is less than zero, the teacher education  
20 adjustment shall equal zero.

21 Sec. 19. (1) For school fiscal year 2009-10 and each  
22 school fiscal year thereafter, school districts may apply to the  
23 state board for a student growth adjustment, on a form prescribed  
24 by the department, on or before October 10 of the school fiscal  
25 year immediately preceding the school fiscal year for which aid  
26 is being calculated. Such form shall require an estimate of the  
27 average daily membership for the school fiscal year for which aid

1 is being calculated, the estimated student growth calculated by  
2 subtracting the fall membership of the current school fiscal year  
3 from the estimated average daily membership for the school fiscal  
4 year for which aid is being calculated, and evidence supporting  
5 the estimates. At the immediately following November state board  
6 meeting, the state board shall approve the estimated student  
7 growth, approve a modified student growth, or deny the application  
8 based on the requirements of this section, the evidence submitted  
9 on the application, and any other information provided by the  
10 department. The department shall notify each school district of  
11 the action taken by the state board within five days following the  
12 November state board meeting. School districts may appeal denials  
13 and modifications at the December state board meeting if notice is  
14 given to the state board by the school district within ten days  
15 following the November state board meeting on a form prescribed by  
16 the department. Such appeal shall include a public hearing before  
17 the state board.

18       (2) The student growth adjustment for each approved  
19 district shall equal the sum of the product of the school  
20 district's basic funding per formula student multiplied by the  
21 difference of the approved student growth minus the greater of  
22 twenty-five students or one percent of the fall membership for the  
23 school fiscal year immediately preceding the school fiscal year for  
24 which aid is being calculated plus the product of fifty percent of  
25 the school district's basic funding per formula student multiplied  
26 by the greater of twenty-five students or one percent of the fall  
27 membership for the school fiscal year immediately preceding the

1 school fiscal year for which aid is being calculated.

2 (3) For school fiscal year 2011-12 and each school  
3 fiscal year thereafter, the department shall calculate a student  
4 growth adjustment correction for each district that received a  
5 student growth adjustment for aid distributed in the most recently  
6 available complete data year. Such student growth correction shall  
7 equal the product of the difference of the average daily membership  
8 for such school fiscal year minus the sum of the formula students  
9 and the approved student growth used to calculate the student  
10 growth adjustment for such school fiscal year multiplied by the  
11 school district's basic funding per formula student used in the  
12 final calculation of aid pursuant to section 79-1065 for such  
13 school fiscal year, except that the absolute value of a negative  
14 correction shall not exceed the original adjustment.

15 Sec. 20. (1) For school fiscal year 2009-10 and each  
16 school fiscal year thereafter, school districts may apply to the  
17 state board for a two-year new school adjustment, on a form  
18 prescribed by the department, on or before October 10 of the  
19 school fiscal year immediately preceding the school fiscal year for  
20 which the first-year new school adjustment would be included in  
21 the calculation of state aid. Such form shall require evidence of  
22 recent and expected student growth, evidence that a new building  
23 or the expansion or remodeling of an existing building is being  
24 completed to provide additional student capacity to accommodate  
25 such growth and not to replace an existing building, evidence  
26 that the school fiscal year for which the district would receive  
27 the first-year adjustment will be the first full school fiscal

1 year for which students will utilize such additional capacity,  
2 and evidence of the estimated additional student capacity to be  
3 provided by the project. At the immediately following November  
4 state board meeting, the state board shall approve the estimated  
5 additional capacity for use in the adjustment, approve a modified  
6 estimated additional capacity for use in the adjustment, or deny  
7 the application based on the requirements of this section, the  
8 evidence submitted on the application, and any other information  
9 provided by the department. Each approval shall include an approved  
10 estimated additional student capacity for the new building. The  
11 department shall notify each school district of the action taken by  
12 the state board within five days following the November state board  
13 meeting. School districts may appeal denials and modifications at  
14 the December state board meeting if notice is given to the state  
15 board by the school district within ten days following the November  
16 state board meeting on a form prescribed by the department. Such  
17 appeal shall include a public hearing before the state board.

18 (2) The first-year new school adjustment for each  
19 approved district shall equal the school district's basic funding  
20 per formula student multiplied by twenty percent of the approved  
21 estimated additional student capacity. The second-year new school  
22 adjustment for each approved district shall equal the school  
23 district's basic funding per formula student multiplied by ten  
24 percent of the approved estimated additional student capacity.

25 Sec. 21. (1) For state aid calculated for each of the  
26 first two full school fiscal years of a new learning community,  
27 each member school district may apply to the state board for a new

1 learning community transportation adjustment, on a form prescribed  
2 by the department, on or before October 10 of the school fiscal  
3 year immediately preceding the school fiscal year for which the  
4 new learning community transportation adjustment would be included  
5 in the calculation of state aid. Such form shall require evidence  
6 supporting estimates of increased transportation costs for the  
7 district due to the provisions of subsection (2) of section 79-611.  
8 At the immediately following November state board meeting, the  
9 state board shall approve the estimate of increased transportation  
10 costs for use in the adjustment, approve a modified estimate of  
11 increased transportation costs for use in the adjustment, or deny  
12 the application based on the requirements of this section, the  
13 evidence submitted on the application, and any other information  
14 provided by the department. The department shall notify each school  
15 district of the action taken by the state board within five  
16 days following the November state board meeting. School districts  
17 may appeal denials and modifications at the December state board  
18 meeting if notice is given to the state board by the school  
19 district within ten days following the November state board meeting  
20 on a form prescribed by the department. Such appeal shall include a  
21 public hearing before the state board.

22 (2) The new learning community transportation adjustment  
23 shall equal the approved estimate of increased transportation  
24 costs due to the provisions of subsection (2) of section 79-611.  
25 School districts shall submit evidence of the actual increase in  
26 transportation costs due to the provisions of subsection (2) of  
27 section 79-611, and the department shall recalculate the adjustment

1 using such actual costs pursuant to 79-1065.

2           Sec. 22. For state aid calculated for school fiscal year  
3 2009-10 and each school fiscal year thereafter:

4           (1) The department shall calculate an instructional time  
5 allowance for each district equal to the product of the formula  
6 students of such district multiplied by the instructional time  
7 factor for such district multiplied by eighty-five percent of the  
8 statewide average general fund operating expenditures per formula  
9 student.

10           (2) The instructional time factor shall equal the  
11 difference of the ratio of the district's average hours of  
12 instruction for each full-time student during the regular school  
13 year for the most recently available complete data year divided  
14 by the comparison group average hours of instruction for each  
15 full-time student during the regular school year for the most  
16 recently available complete data year minus one, except that if  
17 the result is less than zero, the instructional time factor shall  
18 equal zero.

19           (3) The department shall develop a form for determining  
20 the district's average hours of instruction for each full-time  
21 student. The comparison group average hours of instruction for each  
22 full-time student shall be an average of the averages for the  
23 school districts in the comparison group.

24           Sec. 23. Section 79-1007.04, Revised Statutes Supplement,  
25 2007, is amended to read:

26           79-1007.04 (1) For school fiscal year years 2008-09  
27 through 2012-13, and each school fiscal year thereafter, the

1 department shall determine the elementary class size allowance for  
2 each school district.

3 (2) For school fiscal year 2008-09, the ~~The~~ allowance  
4 shall equal the statewide average general fund operating  
5 expenditures per formula student multiplied by 0.20 then multiplied  
6 by the number of students in the school district in kindergarten  
7 through grade eight who qualify for free or reduced-price lunches  
8 and who spend at least fifty percent of the school day in a  
9 classroom with a minimum of ten students and a maximum of twenty  
10 students as reported on the fall membership report from the school  
11 fiscal year immediately preceding the school fiscal year in which  
12 the aid is to be paid, ~~for state aid certified pursuant to section~~  
13 ~~79-1022 and as reported on the annual statistical summary report~~  
14 ~~from the school fiscal year immediately preceding the school fiscal~~  
15 ~~year in which the aid was paid for the final calculation of state~~  
16 ~~aid pursuant to section 79-1065.~~

17 (3) For school fiscal years 2009-10 through 2012-13, the  
18 allowance shall equal the statewide average general fund operating  
19 expenditures per formula student multiplied by twenty percent of  
20 the number of students in the school district in kindergarten  
21 through grade three who spend at least fifty percent of the school  
22 day in one or more classrooms with a minimum of ten students and  
23 a maximum of twenty students as reported on the fall membership  
24 report from the school fiscal year immediately preceding the  
25 school fiscal year in which the aid is to be paid for state aid  
26 certified pursuant to section 79-1022 and as reported on the annual  
27 statistical summary report from the school fiscal year immediately

1 preceding the school fiscal year in which the aid was paid for the  
2 final calculation of state aid pursuant to section 79-1065.

3           Sec. 24. Section 79-1007.06, Revised Statutes Supplement,  
4 2007, is amended to read:

5           79-1007.06 (1) For school fiscal year 2008-09 and each  
6 school fiscal year thereafter, the department shall determine  
7 the poverty allowance for each school district that meets the  
8 requirements of this section and has not been disqualified pursuant  
9 to section 79-1007.07. Each school district shall designate a  
10 maximum poverty allowance on a form prescribed by the department  
11 on or before ~~November 1~~ October 10 of the school fiscal year  
12 immediately preceding the school fiscal year for which aid is  
13 being calculated. The school district may decline to participate  
14 in the poverty allowance by providing the department with a  
15 maximum poverty allowance of zero dollars on such form on or  
16 before ~~November 1~~ October 10 of the school fiscal year immediately  
17 preceding the school fiscal year for which aid is being calculated.  
18 Each school district designating a maximum poverty allowance  
19 greater than zero dollars shall submit a poverty plan pursuant  
20 to section 79-1013.

21           (2) The poverty allowance for each school district that  
22 has not been disqualified pursuant to section 79-1007.07 shall  
23 equal the lesser of:

24           (a) The maximum amount designated pursuant to subsection  
25 (1) of this section by the school district in the local system, if  
26 such school district designated a maximum amount, for the school  
27 fiscal year for which aid is being calculated; or

1 (b) ~~Sixty-one percent of the~~ The sum of:

2 (i) The statewide average general fund operating  
3 expenditures per formula student multiplied by ~~0.05~~ 0.0375 then  
4 multiplied by the poverty students comprising more than five  
5 percent and not more than ten percent of the formula students in  
6 the school district; plus

7 (ii) The statewide average general fund operating  
8 expenditures per formula student multiplied by ~~0.10~~ 0.0750 then  
9 multiplied by the poverty students comprising more than ten percent  
10 and not more than fifteen percent of the formula students in the  
11 school district; plus

12 (iii) The statewide average general fund operating  
13 expenditures per formula student multiplied by ~~0.15~~ 0.1125 then  
14 multiplied by the poverty students comprising more than fifteen  
15 percent and not more than twenty percent of the formula students in  
16 the school district; plus

17 (iv) The statewide average general fund operating  
18 expenditures per formula student multiplied by ~~0.20~~ 0.1500 then  
19 multiplied by the poverty students comprising more than twenty  
20 percent and not more than twenty-five percent of the formula  
21 students in the school district; plus

22 (v) The statewide average general fund operating  
23 expenditures per formula student multiplied by ~~0.25~~ 0.1875 then  
24 multiplied by the poverty students comprising more than twenty-five  
25 percent and not more than thirty percent of the formula students in  
26 the school district; plus

27 (vi) The statewide average general fund operating

1 expenditures per formula student multiplied by ~~0.30~~ 0.2250 then  
2 multiplied by the poverty students comprising more than thirty  
3 percent of the formula students in the school district.

4 Sec. 25. Section 79-1007.07, Revised Statutes Supplement,  
5 2007, is amended to read:

6 79-1007.07 (1)(a) For school fiscal year 2007-08, the  
7 annual financial report required pursuant to section 79-528 shall  
8 include:

9 (i) The amount of federal funds received based on poverty  
10 as defined by the federal program providing the funds; and

11 (ii) The expenditures and sources of funding for each  
12 program related to poverty with a narrative description of the  
13 program and the method used to allocate money to the program and  
14 within the program.

15 (b) The department shall set up accounting codes for the  
16 receipts and expenditures required to be reported on the annual  
17 financial report pursuant to this subsection. The department shall  
18 also determine for each school district an amount that shall  
19 be deemed the poverty allowance for purposes of this section.  
20 Such amount shall equal the adjustments to the weighted formula  
21 students pursuant to subdivision (1)(c)(iii) of section 79-1007.01  
22 multiplied by the average formula cost per student in the school  
23 district's cost grouping.

24 (2)(a) For school fiscal year 2008-09 and each school  
25 fiscal year thereafter, the annual financial report required  
26 pursuant to section 79-528 shall include:

27 (i) The amount of the poverty allowance used in the

1 certification of state aid pursuant to section 79-1022 for such  
2 school fiscal year;

3 (ii) The amount of federal funds received based on  
4 poverty as defined by the federal program providing the funds;

5 (iii) The expenditures and sources of funding for each  
6 program related to poverty with a narrative description of the  
7 program, the method used to allocate money to the program and  
8 within the program, and the program's relationship to the poverty  
9 plan submitted pursuant to section 79-1013 for such school fiscal  
10 year; and

11 (iv) The expenditures and sources of funding for support  
12 costs directly attributable to implementing the district's poverty  
13 plan; and

14 ~~(iv)~~ (v) An explanation of how any required elements of  
15 the poverty plan for such school fiscal year were met.

16 (b) The department shall set up accounting codes for the  
17 receipts and expenditures required to be reported on the annual  
18 financial report pursuant to this subsection.

19 (3) For school fiscal year 2009-10 and each school  
20 fiscal year thereafter, the department shall determine the poverty  
21 allowance expenditures using the reported expenditures on the  
22 annual financial report for the most recently available complete  
23 data year that would include in the poverty allowance expenditures  
24 only those expenditures that were used to specifically address  
25 issues related to the education of students living in poverty or  
26 to the implementation of the poverty plan, that do not replace  
27 expenditures that would have occurred if the students involved in

1 the program did not live in poverty, that are not included in other  
2 allowances, and that are ~~not paid for with federal funds.~~ paid for  
3 with noncategorical funds generated by state or local taxes. The  
4 department shall establish a procedure to allow school districts to  
5 receive preapproval for categories of expenditures that could be  
6 included in poverty allowance expenditures.

7 (4) For school fiscal year 2009-10 and each school fiscal  
8 year thereafter, if the poverty allowance expenditures do not  
9 equal 117.65 percent or more of the poverty allowance for the  
10 most recently available complete data year, the department shall  
11 calculate a poverty allowance correction. The poverty allowance  
12 correction shall equal the poverty allowance minus eighty-five  
13 percent of the poverty allowance expenditures. If the poverty  
14 allowance expenditures do not equal fifty percent or more of the  
15 allowance for such school fiscal year, the school district shall  
16 also be disqualified from receiving a poverty allowance for the  
17 school fiscal year for which aid is being calculated.

18 (5) For school fiscal year 2010-11 and each school fiscal  
19 year thereafter, if the department determines that the school  
20 district did not meet the required elements of the poverty plan  
21 for the most recently available complete data year, the department  
22 shall calculate a poverty allowance correction equal to fifty  
23 percent of the poverty allowance for such school fiscal year and  
24 the school district shall also be disqualified from receiving a  
25 poverty allowance for the school fiscal year for which aid is being  
26 calculated. Any poverty allowance correction calculated pursuant to  
27 this subsection shall be added to any poverty allowance correction

1 calculated pursuant to subsection (4) of this section to arrive at  
2 the total poverty allowance correction.

3 (6) The department may request additional information  
4 from any school district to assist with calculations and  
5 determinations pursuant to this section. If the school district  
6 does not provide information upon the request of the department  
7 pursuant to this section, the school district shall be disqualified  
8 from receiving a poverty allowance for the school fiscal year for  
9 which aid is being calculated.

10 (7) The department shall annually provide the Legislature  
11 with a report containing a general description of the expenditures  
12 and funding sources for programs related to poverty statewide and  
13 specific descriptions of the expenditures and funding sources for  
14 programs related to poverty for each school district.

15 (8) The state board shall establish a procedure for  
16 appeal of decisions of the department to the state board for a  
17 final determination.

18 Sec. 26. Section 79-1007.08, Revised Statutes Supplement,  
19 2007, is amended to read:

20 79-1007.08 (1) For school fiscal year 2008-09 and each  
21 school fiscal year thereafter, the department shall determine the  
22 limited English proficiency allowance for each school district  
23 that meets the requirements of this section and has not been  
24 disqualified pursuant to section 79-1007.09. Each school district  
25 shall designate a maximum limited English proficiency allowance  
26 on or before ~~November 1~~ October 10 of the school fiscal year  
27 immediately preceding the school fiscal year for which aid is

1 being calculated. The school district may decline to participate  
2 in the limited English proficiency allowance by providing the  
3 department with a maximum limited English proficiency allowance of  
4 zero dollars on such form on or before ~~November 1~~ October 10 of  
5 the school fiscal year immediately preceding the school fiscal year  
6 for which aid is being calculated. Each school district designating  
7 a maximum limited English proficiency allowance greater than zero  
8 dollars shall submit a limited English proficiency plan pursuant to  
9 section 79-1014.

10 (2) The limited English proficiency allowance for each  
11 school district that has not been disqualified pursuant to section  
12 79-1007.09 shall equal the lesser of:

13 (a) The amount designated pursuant to subsection (1)  
14 of this section by the school district, if such school district  
15 designated a maximum amount, for the school fiscal year for which  
16 aid is being calculated; or

17 (b) The statewide average general fund operating  
18 expenditures per formula student multiplied by 0.25 then multiplied  
19 by:

20 (i) The number of students in the school district who are  
21 limited English proficient as defined under 20 U.S.C. 7801, as such  
22 section existed on January 1, 2006, if such number is greater than  
23 or equal to twelve;

24 (ii) Twelve, if the number of students in the school  
25 district who are limited English proficient as defined under 20  
26 U.S.C. 7801, as such section existed on January 1, 2006, is greater  
27 than or equal to one and less than twelve; or

1           (iii) Zero, if the number of students in the school  
2 district who are limited English proficient as defined under 20  
3 U.S.C. 7801, as such section existed on January 1, 2006, is less  
4 than one.

5           Sec. 27. Section 79-1007.09, Revised Statutes Supplement,  
6 2007, is amended to read:

7           79-1007.09 (1)(a) For school fiscal year 2007-08, the  
8 annual financial report required pursuant to section 79-528 shall  
9 include:

10           (i) The amount of federal funds received based on  
11 students who are limited English proficient as defined by the  
12 federal program providing the funds; and

13           (ii) The expenditures and sources of funding for each  
14 program related to limited English proficiency with a narrative  
15 description of the program and the method used to allocate money to  
16 the program and within the program.

17           (b) The department shall set up accounting codes for the  
18 receipts and expenditures required to be reported on the annual  
19 financial report pursuant to this subsection. The department shall  
20 also determine for each school district an amount that shall  
21 be deemed the limited English proficiency allowance for purposes  
22 of this section. Such amount shall equal the adjustments to the  
23 weighted formula students pursuant to subdivision (1)(c)(ii) of  
24 section 79-1007.01 multiplied by the average formula cost per  
25 student in the school district's cost grouping.

26           (2)(a) For school fiscal year 2008-09 and each school  
27 fiscal year thereafter, the annual financial report required

1 pursuant to section 79-528 shall include:

2 (i) The amount of the limited English proficiency  
3 allowance used in the certification of state aid pursuant to  
4 section 79-1022 for such school fiscal year;

5 (ii) The amount of federal funds received based on  
6 students who are limited English proficient as defined by the  
7 federal program providing the funds;

8 (iii) The expenditures and sources of funding for each  
9 program related to limited English proficiency with a narrative  
10 description of the program, the method used to allocate money to  
11 the program and within the program, and the program's relationship  
12 to the limited English proficiency plan submitted pursuant to  
13 section 79-1014 for such school fiscal year; and

14 (iv) The expenditures and sources of funding for support  
15 costs directly attributable to implementing the district's limited  
16 English proficiency plan; and

17 ~~(iv)~~ (v) An explanation of how any required elements of  
18 the limited English proficiency plan for such school fiscal year  
19 were met.

20 (b) The department shall set up accounting codes for the  
21 receipts and expenditures required to be reported on the annual  
22 financial report pursuant to this subsection.

23 (3) For school fiscal year 2009-10 and each school fiscal  
24 year thereafter, the department shall determine the limited English  
25 proficiency allowance expenditures using the reported expenditures  
26 on the annual financial report for the most recently available  
27 complete data year that would only include in the limited English

1 proficiency allowance expenditures those expenditures that were  
2 used to specifically address issues related to the education of  
3 students with limited English proficiency or to the implementation  
4 of the limited English proficiency plan, that do not replace  
5 expenditures that would have occurred if the students involved in  
6 the program did not have limited English proficiency, that are  
7 not included in other allowances, and that are ~~not paid for with~~  
8 ~~federal funds~~, paid for with noncategorical funds generated by  
9 state or local taxes. The department shall establish a procedure  
10 to allow school districts to receive preapproval for categories of  
11 expenditures that could be included in limited English proficiency  
12 allowance expenditures.

13 (4) For school fiscal year 2009-10 and each school fiscal  
14 year thereafter, if the limited English proficiency allowance  
15 expenditures do not equal 117.65 percent or more of the limited  
16 English proficiency allowance for the most recently available  
17 complete data year, the department shall calculate a limited  
18 English proficiency allowance correction. The limited English  
19 proficiency allowance correction shall equal the limited English  
20 proficiency allowance minus eighty-five percent of the limited  
21 English proficiency allowance expenditures. If the limited English  
22 proficiency allowance expenditures do not equal fifty percent or  
23 more of the allowance for such school fiscal year, the school  
24 district shall also be disqualified from receiving a limited  
25 English proficiency allowance for the school fiscal year for which  
26 aid is being calculated.

27 (5) For school fiscal year 2010-11 and each school fiscal

1 year thereafter, if the department determines that the school  
2 district did not meet the required elements of the limited English  
3 proficiency plan for the most recently available complete data  
4 year, the department shall calculate a limited English proficiency  
5 allowance correction equal to fifty percent of the limited English  
6 proficiency allowance for such school fiscal year and the school  
7 district shall also be disqualified from receiving a limited  
8 English proficiency allowance for the school fiscal year for which  
9 aid is being calculated. Any limited English proficiency allowance  
10 correction calculated pursuant to this subsection shall be added  
11 to any limited English proficiency allowance correction calculated  
12 pursuant to subsection (4) of this section to arrive at the total  
13 limited English proficiency allowance correction.

14 (6) The department may request additional information  
15 from any school district to assist with calculations and  
16 determinations pursuant to this section. If the school district  
17 does not provide information upon the request of the department  
18 pursuant to this section, the school district shall be disqualified  
19 from receiving a limited English proficiency allowance for the  
20 school fiscal year for which aid is being calculated.

21 (7) The department shall annually provide the Legislature  
22 with a report containing a general description of the expenditures  
23 and funding sources for programs related to limited English  
24 proficiency statewide and specific descriptions of the expenditures  
25 and funding sources for programs related to limited English  
26 proficiency for each school district.

27 (8) The state board shall establish a procedure for

1 appeal of decisions of the department to the state board for a  
2 final determination.

3 Sec. 29. Section 79-1008.01, Revised Statutes Cumulative  
4 Supplement, 2006, is amended to read:

5 79-1008.01 ~~(1)~~ Except as provided in ~~subsection (2)~~ of  
6 ~~this section~~ and sections 79-1008.02 to 79-1010, each local system  
7 shall receive equalization aid in the amount that the total formula  
8 need of each local system, as determined pursuant to sections  
9 79-1007.01 to 79-1007.10 and sections 10 to 22 of this act, exceeds  
10 its total formula resources as determined pursuant to sections  
11 79-1015.01 to 79-1018.01.

12 ~~(2)~~ Except as provided in section 79-1008.02, a local  
13 system shall not receive state aid for any school fiscal year,  
14 except school fiscal years 2002-03 through 2007-08, which is less  
15 than an amount equal to the difference of eighty-five percent of  
16 the amount of aid certified in the preceding school fiscal year  
17 minus an amount equal to any increase in the adjusted valuation  
18 between the adjusted valuation used for the certification of aid in  
19 the preceding school fiscal year and the adjusted valuation used  
20 for the aid being calculated multiplied by the maximum levy, for  
21 the school fiscal year for which aid is being certified, pursuant  
22 to subdivision ~~(2)(a)~~ or ~~(b)~~ of section 77-3442 without a vote  
23 pursuant to section 77-3444.

24 ~~(3)~~ Except as provided in section 79-1008.02, a local  
25 system shall not receive state aid for school fiscal years  
26 2002-03 through 2007-08 which is less than an amount equal to  
27 the difference of eighty-three and three-fourths percent of the

1 amount of aid certified in the preceding school fiscal year minus  
2 an amount equal to any increase in the adjusted valuation between  
3 the adjusted valuation used for the certification of aid in the  
4 preceding school fiscal year and the adjusted valuation used for  
5 the aid being calculated multiplied by the maximum levy<sub>7</sub> for the  
6 school fiscal year for which aid is being certified<sub>7</sub> pursuant to  
7 subdivision (2)(a) of section 77-3442 without a vote pursuant to  
8 section 77-3444.

9 (4) Except as provided in subsection (2) or (3) of this  
10 section<sub>7</sub>, no local system may receive equalization aid such that<sub>7</sub>  
11 when total aid is added to a levy ten cents less than the maximum  
12 levy<sub>7</sub> for the school fiscal year for which aid is being certified<sub>7</sub>  
13 pursuant to subdivision (2)(a) or (b) of section 77-3442 without a  
14 vote pursuant to section 77-3444<sub>7</sub>, multiplied by the local system's  
15 adjusted valuation<sub>7</sub> would result in total local system revenue from  
16 state aid plus property tax receipts which exceeds the total of:

17 (a) The sum of state aid<sub>7</sub> receipts from other school  
18 districts related to annexation<sub>7</sub> and property tax receipts received  
19 by the local system during the preceding school fiscal year  
20 multiplied by the total of (i) 1.01 plus (ii) the applicable  
21 allowable growth rate for the local system calculated pursuant  
22 to section 79-1026 as determined for the school fiscal year  
23 immediately preceding the school fiscal year when aid is to be  
24 distributed plus (iii) the percentage growth in formula students  
25 from the certification of state aid for the immediately preceding  
26 school fiscal year to the formula students for the certification  
27 of state aid for the current school fiscal year<sub>7</sub> except that the

1 ~~percentage growth shall not be less than zero;~~

2 ~~(b) Unused budget authority authorized pursuant to~~  
3 ~~section 79-1030 for all school districts in the local system;~~

4 ~~(c) The difference between the other actual receipts~~  
5 ~~included in local system formula resources for the certification~~  
6 ~~of state aid in the preceding school fiscal year and other~~  
7 ~~actual receipts included in local system formula resources for the~~  
8 ~~certification of state aid for the current school fiscal year;~~  
9 ~~except that such difference shall not be less than zero; and~~

10 ~~(d) The absolute value of any negative prior year~~  
11 ~~adjustment pursuant to section 79-1065.~~

12 ~~For local systems that have reorganized, state aid,~~  
13 ~~property tax receipts, and number of formula students shall~~  
14 ~~be attributed based on valuation. The formation of a learning~~  
15 ~~community shall be considered a reorganization for purposes of~~  
16 ~~this subsection. The revenue from property tax receipts shall be~~  
17 ~~calculated by multiplying the reported general fund common levy by~~  
18 ~~the assessed valuation subject to the levy divided by one hundred.~~

19 ~~(5) For all school fiscal years except school fiscal~~  
20 ~~years 2002-03 through 2007-08, the aid that is not distributed~~  
21 ~~through equalization based on subsection (4) of this section~~  
22 ~~shall be distributed through this subsection to the extent local~~  
23 ~~systems qualify for such distributions. Local systems qualify~~  
24 ~~for distribution under this subsection if they have nine hundred~~  
25 ~~or less formula students and adjusted general fund operating~~  
26 ~~expenditures per formula student less than the average for all~~  
27 ~~local systems with nine hundred or less formula students. The aid~~

1 shall be distributed proportionally to qualifying districts based  
2 on the dollar amount each local system's calculated state aid plus  
3 the product of a levy of one dollar multiplied by the assessed  
4 valuation divided by one hundred is below ninety percent of state  
5 aid plus property tax receipts received by the local system during  
6 the preceding school fiscal year. No system shall receive aid  
7 pursuant to this subsection such that the calculated state aid plus  
8 the product of a levy of one dollar multiplied by the assessed  
9 valuation divided by one hundred is ninety percent or more of state  
10 aid plus property tax receipts received by the local system during  
11 the preceding school fiscal year.

12           (6) For school fiscal years 2002-03 through 2007-08,  
13 the aid that is not distributed through equalization based on  
14 subsection (3) of this section shall be distributed through  
15 this subsection to the extent local systems qualify for such  
16 distributions. Local systems qualify for distribution under this  
17 subsection if they have nine hundred or less formula students and  
18 adjusted general fund operating expenditures per formula student  
19 less than the average for all local systems with nine hundred or  
20 less formula students. The aid shall be distributed proportionally  
21 to qualifying districts based on the dollar amount each local  
22 system's calculated state aid plus the product of a levy equal to  
23 the maximum levy, for the school fiscal year for which aid is being  
24 certified, pursuant to subdivision (2)(a) or (b) of section 77-3442  
25 without a vote pursuant to section 77-3444, multiplied by the  
26 assessed valuation is below eighty-eight and three-fourths percent  
27 of state aid plus property tax receipts received by the local

1 ~~system during the preceding school fiscal year. No system shall~~  
2 ~~receive aid pursuant to this subsection such that the calculated~~  
3 ~~state aid plus the product of a levy equal to the maximum levy, for~~  
4 ~~the school fiscal year for which aid is being certified, pursuant~~  
5 ~~to subdivision (2)(a) or (b) of section 77-3442 without a vote~~  
6 ~~pursuant to section 77-3444, multiplied by the assessed valuation~~  
7 ~~is eighty-eight and three-fourths percent or more of state aid~~  
8 ~~plus property tax receipts received by the local system during the~~  
9 ~~preceding school fiscal year.~~

10           Sec. 31. Section 79-1009, Revised Statutes Cumulative  
11 Supplement, 2006, is amended to read:

12           79-1009 (1) A district shall receive net option funding  
13 if option students as defined in section 79-233 ~~(a)~~ were actually  
14 enrolled in the school year immediately preceding the school year  
15 in which the aid is to be paid, ~~or (b) will be enrolled in the~~  
16 ~~school year in which the aid is to be paid as converted contract~~  
17 ~~option students. The determination of the net number of option~~  
18 ~~students shall be based on the number of students enrolled in the~~  
19 ~~district as option students and the number of students residing in~~  
20 ~~the district but enrolled in another district as option students as~~  
21 ~~of the day of the fall membership count pursuant to section 79-528,~~  
22 ~~for the school fiscal year immediately preceding the school fiscal~~  
23 ~~year in which aid is to be paid. Net number of option students~~  
24 ~~means the difference of the number of option students enrolled in~~  
25 ~~the district minus the number of students residing in the district~~  
26 ~~but enrolled in another district as option students.~~

27           (2) For purposes of this section: (a) For all school

1 ~~fiscal years except school fiscal years 2002-03 through 2007-08,~~  
2 ~~net option funding means the sum of the products of the net~~  
3 ~~number of option students in each grade range multiplied by the~~  
4 ~~statewide average cost grouping cost per student multiplied by~~  
5 ~~the weighting factor for the corresponding grade range pursuant to~~  
6 ~~section 79-1007.01; and (b) for school fiscal years 2002-03 through~~  
7 ~~2007-08, net option funding shall be calculated by subtracting the~~  
8 ~~temporary aid adjustment factor from the sum of the products of the~~  
9 ~~net number of option students in each grade range multiplied by~~  
10 ~~the statewide average cost grouping cost per student multiplied by~~  
11 ~~the weighting factor for the corresponding grade range pursuant to~~  
12 ~~section 79-1007.01; and (b) for school fiscal year 2008-09 and each~~  
13 school fiscal year thereafter, net option funding shall be the sum  
14 of the product of the net number of option students multiplied by  
15 the statewide average basic funding per formula student.

16 (3) A district's net option funding shall be zero if  
17 the calculation produces a negative result.  ~~except that a local~~  
18 ~~system's net option funding shall not be less than zero. Net number~~  
19 ~~of option students means the number of option students actually~~  
20 ~~enrolled in a grade range in the current data year minus the~~  
21 ~~number of students residing in the district but enrolled in another~~  
22 ~~district in the same grade range in the current data year as~~  
23 ~~option students as defined in section 79-233. A district's net~~  
24 ~~option funding shall be zero if the calculation produces a negative~~  
25 ~~result.~~ (3) The determination of the net number of option students  
26 shall be based on (a) the number of option students enrolled in  
27 the district or enrolled in another district as of the day of the

1 ~~fall membership count pursuant to section 79-528, for the school~~  
2 ~~fiscal year immediately preceding the school fiscal year in which~~  
3 ~~the aid is to be paid and (b) the number of option students that~~  
4 ~~will be enrolled in the district or enrolled in another district~~  
5 ~~as converted contract option students for the school fiscal year in~~  
6 ~~which the aid is to be paid.~~ Payments made under this section shall  
7 be made from the funds to be disbursed under section 79-1005.01 or  
8 79-1005.02. ~~(4) Payments made pursuant to this section~~ Such payments  
9 shall go directly to the option school district but shall count as  
10 a formula resource for the local system.

11           Sec. 33. Section 79-1013, Revised Statutes Supplement,  
12 2007, is amended to read:

13           79-1013 (1) On or before ~~November 1~~ October 10 of each  
14 year, each school district designating a maximum poverty allowance  
15 greater than zero dollars shall submit a poverty plan for the next  
16 school fiscal year to the department and to the learning community  
17 coordinating council of any learning community of which the school  
18 district is a member. On or before the immediately following  
19 December 1, (a) the department shall approve or disapprove such  
20 plan for school districts that are not members of a learning  
21 community based on the inclusion of the elements required pursuant  
22 to this section. ~~On or before the immediately following December~~  
23 ~~1,~~ and (b) the learning community coordinating council and, as  
24 to the applicable portions thereof, each achievement subcouncil,  
25 shall approve or disapprove such plan for school districts that  
26 are members of such learning community based on the inclusion of  
27 such elements. On or before the immediately following December 5,

1 each learning community coordinating council shall certify to the  
2 department the approval or disapproval of the poverty plan for each  
3 member school district.

4 (2) In order to be approved pursuant to this section,  
5 a poverty plan shall include an explanation of how the school  
6 district will address the following issues for such school fiscal  
7 year:

8 (a) Attendance, including absence followup and  
9 transportation for students qualifying for free or reduced-price  
10 lunches who reside more than ~~one-half~~ one mile from the attendance  
11 center;

12 (b) Student mobility, including transportation to allow a  
13 student to continue attendance at the same school if the student  
14 moves to another attendance area within the same school district or  
15 within the same learning community;

16 (c) Parental involvement at the school-building level  
17 with a focus on the involvement of parents in poverty and from  
18 other diverse backgrounds;

19 (d) Parental involvement at the school-district level  
20 with a focus on the involvement of parents in poverty and from  
21 other diverse backgrounds;

22 (e) Class size reduction or maintenance of small class  
23 sizes ~~for students who qualify for free or reduced-price lunches;~~  
24 in elementary grades;

25 (f) Scheduled teaching time on a weekly basis that will  
26 be free from interruptions;

27 (g) Access to early childhood education programs for

1 children in poverty;

2 (h) Student access to social workers;

3 (i) Access to summer school, extended-school-day  
4 programs, or extended-school-year programs;

5 (j) Mentoring for new and newly reassigned teachers;

6 (k) Professional development for teachers and  
7 administrators, focused on addressing the educational needs  
8 of students in poverty and students from other diverse backgrounds;

9 (l) Coordination with elementary learning centers if the  
10 school district is a member of a learning community; and

11 (m) An evaluation to determine the effectiveness of the  
12 elements of the poverty plan.

13 (3) The state board shall establish a procedure for  
14 appeal of decisions of the department and of learning community  
15 coordinating councils to the state board for a final determination.

16 Sec. 34. Section 79-1014, Revised Statutes Supplement,  
17 2007, is amended to read:

18 79-1014 (1) On or before ~~November 1~~ October 10 of each  
19 year, each school district designating a maximum limited English  
20 proficiency allowance greater than zero dollars shall submit a  
21 limited English proficiency plan for the next school fiscal year to  
22 the department and to the learning community coordinating council  
23 of any learning community of which the school district is a  
24 member. On or before the immediately following December 1, (a)  
25 the department shall approve or disapprove such plans for school  
26 districts that are not members of a learning community, based on  
27 the inclusion of the elements required pursuant to this section-

1 ~~On or before the immediately following December 17~~ and (b) the  
2 learning community coordinating council, and, as to the applicable  
3 portions thereof, each achievement subcouncil, shall approve or  
4 disapprove such plan for school districts that are members of  
5 such learning community, based on the inclusion of such elements.

6 On or before the immediately following December 5, each learning  
7 community coordinating council shall certify to the department the  
8 approval or disapproval of the limited English proficiency plan for  
9 each member school district.

10 (2) In order to be approved pursuant to this section,  
11 a limited English proficiency plan must include an explanation of  
12 how the school district will address the following issues for such  
13 school fiscal year:

14 (a) Identification of students with limited English  
15 proficiency;

16 (b) Instructional approaches;

17 (c) Assessment of such students' progress toward  
18 mastering the English language; and

19 (d) An evaluation to determine the effectiveness of the  
20 elements of the limited English proficiency plan.

21 (3) The state board shall establish a procedure for  
22 appeal of decisions of the department to the state board for a  
23 final determination.

24 Sec. 38. Section 79-1022, Revised Statutes Supplement,  
25 2007, is amended to read:

26 79-1022 (1) On or before February 1 of each year, the  
27 department shall determine the amounts to be distributed to each

1 local system and each district pursuant to the Tax Equity and  
2 Educational Opportunities Support Act and shall certify the amounts  
3 to the Director of Administrative Services, the Auditor of Public  
4 Accounts, each learning community, and each district. The amount to  
5 be distributed to each district that is not a member of a learning  
6 community from the amount certified for a local system shall be  
7 proportional based on: (a) For school fiscal years prior to school  
8 fiscal year 2008-09, the weighted formula students attributed to  
9 each district in the local system; and (b) for school fiscal  
10 year 2008-09 and each school fiscal year thereafter, the formula  
11 students attributed to each district in the local system. For the  
12 first five complete school fiscal years for a learning community,  
13 the amount to be distributed to each district that is a member  
14 of such learning community shall be determined pursuant to section  
15 79-1015. For each school fiscal year thereafter, the amount to  
16 be distributed to each district that is a member of a learning  
17 community from the amount certified for the local system shall  
18 be proportional based on the formula needs calculated for each  
19 district in the local system. On or before February 1 of each  
20 year, the department shall report the necessary funding level to  
21 the Governor, the Appropriations Committee of the Legislature,  
22 and the Education Committee of the Legislature. Certified state  
23 aid amounts, including adjustments pursuant to section 79-1065.02,  
24 shall be shown as budgeted non-property-tax receipts and deducted  
25 prior to calculating the property tax request in the district's  
26 general fund budget statement as provided to the Auditor of Public  
27 Accounts pursuant to section 79-1024.

1                   (2) Except as provided in subsection ~~(8)~~ (7) of section  
2 79-1016 and sections 79-1033 and 79-1065.02, the amounts certified  
3 pursuant to subsection (1) of this section shall be distributed in  
4 ten as nearly as possible equal payments on the last business day  
5 of each month beginning in September of each ensuing school fiscal  
6 year and ending in June of the following year, except that when a  
7 school district is to receive a monthly payment of less than one  
8 thousand dollars, such payment shall be one lump-sum payment on  
9 the last business day of December during the ensuing school fiscal  
10 year.

11                   Sec. 46. Section 79-1073, Revised Statutes Supplement,  
12 2007, is amended to read:

13                   79-1073 On or before October 1 for each year, each  
14 learning community coordinating council shall determine the  
15 expected amounts to be distributed to each member school district  
16 from general fund property tax receipts pursuant to subdivision  
17 (2) (b) of section 77-3442 and shall certify such amounts to each  
18 member school district and the State Department of Education.  
19 Such property tax receipts shall be divided among member school  
20 districts proportionally based on the difference of one hundred  
21 percent of the school district's formula need calculated pursuant  
22 to section ~~79-1007.02~~ 10 of this act minus the sum of the state aid  
23 certified pursuant to section 79-1022 and the other actual receipts  
24 included in local system formula resources pursuant to section  
25 79-1018.01 for the school fiscal year for which the distribution is  
26 being made, except that no school district shall receive property  
27 tax receipts in excess of the lesser of such difference or the

1 school district's property tax request submitted to the learning  
2 community coordinating council.

3           Each time a learning community coordinating council  
4 distributes property tax receipts to member school districts,  
5 the amount to be distributed to each district shall be proportional  
6 based on the total amounts to be distributed to each member school  
7 district for the school fiscal year.

8           Sec. 51. The following sections are outright repealed:  
9 Section 79-1009.01, Reissue Revised Statutes of Nebraska, and  
10 section 79-1007.03, Revised Statutes Supplement, 2007.